# Annual Housing Review

# 1986

**The Regional Municipality of Ottawa - Carleton**
**Planning Department**
**September , 1987**

# INTRODUCTION

On 9 January, 1985, Regional Council adopted a recommendation directing planning staff to prepare annual housing reviews which would report on housing activities and progress made toward the achievement of targets set out in the Regional Housing Statement Update (RHSU).

This, the third annual housing review, focuses on housing activity in the RMOC in 1986. The report is descriptive; no changes in Regional housing policy are proposed in this review.

# SUMMARY


*The RMOC housing market was strong again in 1986. Residential construction activity was well above the long-term average for the area. Activity in the owner-occupied segment was particularly strong in 1986, largely due to improvements in housing affordability which have occurred as a result of relatively stable house prices in combination with decreasing mortgage interest rates. The income required to purchase the average bungalow in the region in 1986 was about $38,500, virtually identical to the income required to make the same purchase in 1985, and when inflation is considered,the real cost was actually lower in 1986. The target for owner-occupied housing established in the Regional Housing Statement Update (RHSU) of 2,650 per year was exceeded for the third consecutive year in 1986.*

*Vacant residential land in registered and draft approved plans exceeded the target level of 2 years' supply for all housing types based on projected demand. Even assuming a rate of land consumption higher than the projected rate, such as experienced in the Region over the past two years, the supply of land would exceed the two year target for all housing types.*

*The rental market continued to improve in 1986. The vacancy rate more than doubled to 1.9% from 0.8% a year earlier. Rent increases (about 3% on average) were down from previous years and were below the inflation rate. And the number of rental units completed in 1986 increased by more than 30% over completions in 1985. The rental market will likely continue to improve, at least over the short term, but because of a decrease in rental units started and under construction at the end of 1986, the vacancy rate will probably stabilize in late 1987 or 1988.*

*The assisted housing picture also improved in 1986. The non-profit allocation was up from the previous year and although the number of units allocated in 1986 did not meet the target established in the RHSU (800 units per year), changes in the non-profit program in 1986 will result in a significant increase in the number of rent- geared-to-income (RGI) units produced. The 1986 allocation under the new program will produce about double the number of RGI units that would have been produced at the target level under the old program. The RHSU target was established on the assumption that about 25% of the non-profit allocation would be RGI. Under the new program, in most cases, at least 40% of the units in a project must be RGI and up to 100% of the units may be RGI. Eligibility for RGI assistance has also been expanded under the new program so that if the market rent in a project exceeds 25% of a household's income the tenants are eligible for a subsidy.*

*In the City Living projects funded under the new program 100% of the units will be RGI. But unlike public housing, where all the units are rented to the poorest households with deep-subsidies, in the City Living projects 40% of the units will get deep subsidies, 30% will get moderate subsidies, and 30% will get shallow subsidies.*

*The 1986 non-profit allocation of 734 units will result in 450-500 RGI units. The preliminary allocation for 1987 is for about the same number of units and will provide an additional 450-500 RGI units which will come on stream in 1988.*

*The number of applicants for rent-geared-to-income housing declined throughout 1986 to just over 1,600 at the end of the year the lowest level in several years. However, in early 1987 the waiting list increased dramatically, for unknown reasons, to over 2,200 application.*

*Other areas of the Region's economy also performed well in 1986. There was an increase in employment and a decrease in the unemployment rate. Inflation in the area in 1986 (4.0%) was virtually the same as in 1985 and slightly below the national average (4.1%) in 1986. Increases in the housing components of the Consumer Price Index were down significantly in 1986, and were lower than both the general rate of inflation in the area and national increases in the housing components.*

*Despite the strong local economy, preliminary data indicate that net in-migration to the Region was down in 1986 for the third consecutive year. This may reflect the improving economy elsewhere in Canada – the national unemployment rate has been declining faster than the unemployment rate in the Region over the past few years. Preliminary data also indicate that there was a net outflow of people from the RMOC to the Outaouais in 1986 for the second consecutive year.*

*Activity in the Outaouais housing market was down slightly in 1986 but still accounted for 30% of the starts in the Ottawa-Hull CMA – well above the 10%-15% share it has historically held. It appears that by providing a supply of modestly priced new housing the Outaouais has been able to increase its share of the market. Existing houses of comparable quality are, on average, about 15%-20% less expensive in the Outaouais than in the RMOC. Leaving size and quality aside, newly completed, unoccupied dwellings were, on average, about half the price of new houses in the Ottawa CMA. The last of the Quebec homeownership assistance programs was cancelled in the spring and probably had little impact on the Outaouais market in 1986.*

*The favourable rental market in the Outaouais probably also attracted some tenants or potential tenants from the RMOC. The vacancy rate in the Outaouais was the second highest in Canada in October 1986 (8.2%), and rents were 8% - 16% lower than in the RMOC, depending on the size of the unit.*

*Two major new pieces of provincial legislation related to housing were passed in 1986. The Residential Rent Regulation Act brought all rental units in the province under a revised form of rent control, and the Rental Housing Protection Act restricted certain activities (such as conversion, or demolition) that would result in the loss of existing rental housing and required that proposals for these types of activities be reviewed by municipal councils.*

*Several of the programs announced in the Province's Assured Housing for Ontario program got underway during 1986. Projects in the Region received assistance under Convert-to-Rent, and the Low-Rise Rehabilitation Program. In addition, proposals by the City of Ottawa Housing Department and the RMOC Planning Department to develop a housing information system under the Municipal Building Profile Program were approved in 1987.*

*The Province added a special allocation of 3,000 non-profit units to the federal/provincial allocation. "Project 3000" is aimed at producing housing for special needs groups: the homeless, battered women, ex-psychiatric patients. In Ottawa-Carleton the Salvation Army and Centretown Citizens (Ottawa) Corporation received allocations of 99 units (in addition to the 1986 allocation). Additional units will be allocated under Project 3000 in 1987.*

*The last of four granny flats allocated in the Region under the Portable Living Units for Seniors demonstration program was installed in Gloucester in May 1986.*

*An accessible housing registry began operation out of the RMOC Match and Share office. An inventory of accessible housing units was started and will continue to be developed in 1987.*

# POPULATION, ECONOMY AND GOVERNMENT INITIATIVES

## Population Growth

Population growth inOttawa-Carleton in the eighties has exceeded expectations. According to the 1986 census, population in the RMOC reached 606,639 in June 1986. This is an increase of 59,790 or 10.9% since the previous census in 1981; an average increase of about 12,000 people per year. The housing targets in the RHSU (Regional Housing Statement Update) were based on a projection which assumed a much slower rate of population growth, due primarily to a much lower estimate of net in-migration. The RHSU projected an average increase of about 7,400 people per year and assumed net migration of 3,800 per year, based on the 1971 to 1981 average. Migration during the 1980 to 1985 period was actually about 6,000 persons per year.

## Migration

Preliminary estimates indicate that net migration to the Region has continued to decline from the peak year of 1982-83. The 1985-86 preliminary estimate of net migration is 2,704; down from 4,049 in the previous year. (Note: The 1985-86 count is preliminary and may be revised).

Figure 1

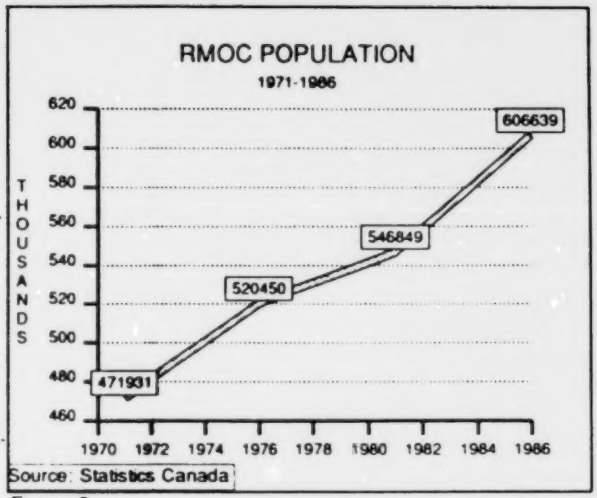



Figure 2

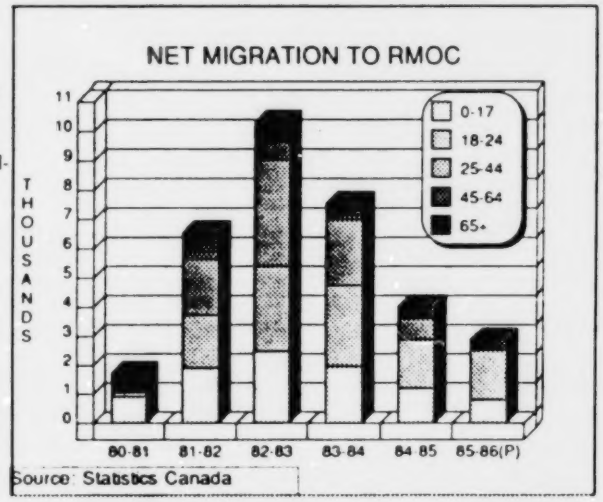



Table 1

**NET MIGRATION TO RMOC**

| | AGE GROUP | | | | | |
|---|---|---|---|---|---|---|
| | 0-17 | 18-24 | 25-44 | 45-64 | 65+ | TOTAL |
| 1980-81(F) | 944 | 129 | -258 | 127 | 565 | 1507 |
| 1981-82(F) | 1925 | 1822 | 1915 | 277 | 639 | 6578 |
| 1982-83(F) | 2480 | 2951 | 3613 | 624 | 666 | 10334 |
| 1983-84(F) | 1977 | 2783 | 2250 | 176 | 398 | 7584 |
| 1984-85(R) | 1214 | 1690 | 720 | 13 | 412 | 4049 |
| 1985-86(P) | 818 | 1718 | -167 | -37 | 372 | 2704 |

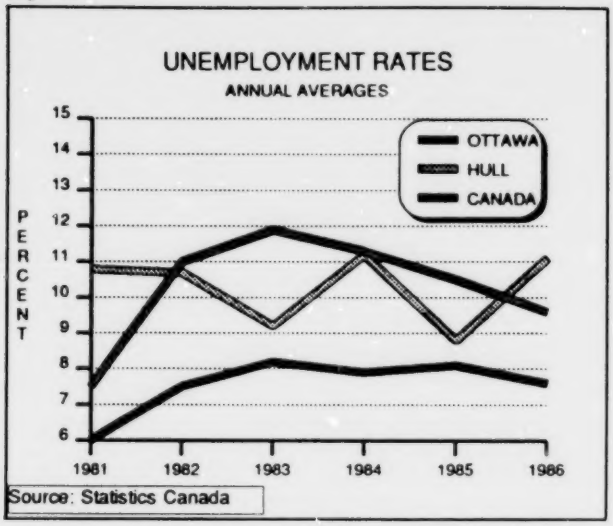
DATA ARE DERIVED FROM INCOME TAX RETURNS. TIME PERIODS REPRESENT APPROXIMATELY MAY TO MAY. (F)=FINAL, (R)=REVISED, (P)=PRELIMINARY

SOURCE: STATISTICS CANADA, ADMINISTRATIVE DATA DIVISION

## Unemployment

The Ottawa CMA unemployment rate declined to 7.6% in 1986 after a slight increase in 1985. The gap between Ottawa's unemployment rate and Canada's unemployment rate continued to decrease. In 1983 the unemployment rate for Canada was 11.9% while Ottawa's was 8.2%; a difference of 3.7%. The difference has steadily declined to its current level of 2.0%.

Figure3

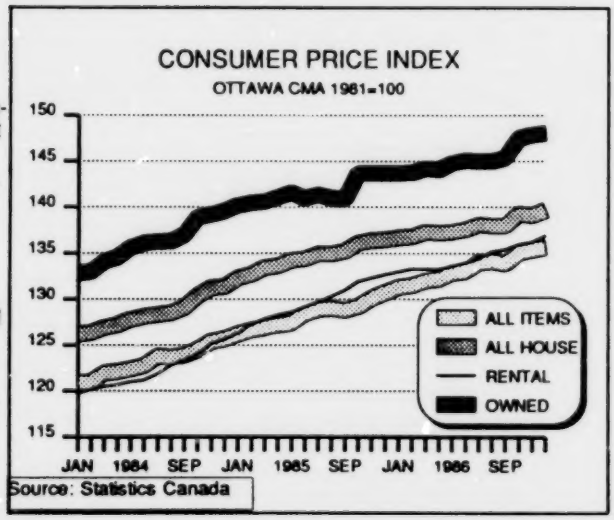



## Inflation

The general rate of inflation (change in the Consumer Price Index) in the Ottawa CMA in 1986 was about 4.0%; virtually identical to the 1985 rate. The inflation rate for Canada was about 4.1% in 1986.

Increases in the housing components of the CPI were down significantly from 1985. Overall, the housing component increased by 2.5% on average in 1986 compared with 4.7% in 1985. The increase in the rented accommodation component was again higher than the owned accommodation component but the 3.8% increase in 1986 was down considerably from the 6.1% increase in 1985. The owned accommodation component increased by 2.7%, down from 4.0% in 1985. Increases in the rented and owned accommodation figures for Canada in 1986 were 4.1% and 3.7% respectively.

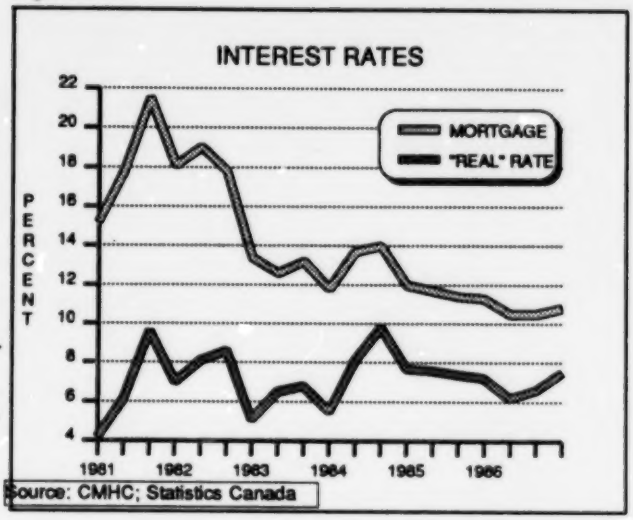
Figure4



## Mortgage Rates

Mortgage interest rates declined to an average of 10.9% in 1986 from 11.7% in 1985. Average mortgage rates peaked in February at 11.7% then declined to 10.5% in July. They climbed slightly in the fall to 10.75% in December. The "real" interest rate (mortgage rate minus inflation) declined, on average, in 1986 to 6.9% from 7.5% in 1985. Despite significant declines in the mortgage rate in recent years, the "real" interest rate line is virtually flat compared with the mortgage rate line, which slopes fairly sharply downwards from the peak in 1981.

Figure5




## Government Initiatives

The Provincial government passed two major pieces of housing legislation in 1986. The Residential Rent Regulation Act was passed in December 1986,and most of the provisions came into effect as of January 1, 1987. The new Act is designed to speed up the rent review process and includes detailed regulations designed to improve consistency in decisions by removing some of the discretion from the process. Some of the highlights of the Act include the following:

- All rental units come under the Act. Previously, units built after 1976 were exempt from review.
- One rent increase per year will be permitted. The guideline increase (above which a landlord must apply for review) will be announced by August 31 of the year prior to its coming into effect and will be based on a 3 year weighted average of operating costs for a typical well-run rental building.
- A rent registry will be established which will contain the maximum legal rent for all units in the Province. A base rent will be established for each unit to which the rent guideline will be added automatically each year to arrive at the maximum legal rent. Tenants and landlords will be entitled to certain information from the system free of charge, by telephone or in person.
- A Residential Rental Standards Board will be established which will develop and enforce maintenance standards relating to tenants' health and safety and establish educational programs to publicize maintenance requirements.

The Residential Protection Act (Bill 11) received royal assent in July , 1986. The Act is designed to protect the existing supply of rental housing and to protect the security of tenants by restricting certain activities which serve to reduce the stock of rental housing.

Under the Act, municipal councils are required to approve proposals to convert, demolish, renovate (if vacant possession is required), sever into individual ownership, or otherwise change the use of rental housing.

Most of the provisions in the act only apply to properties with more than four units and to municipalities with population of 25,000 or more; in RMOC these include Ottawa, Nepean, Gloucester and Kanata. In all municipalities approval of council is required to convert rental housing to condominium ownership.

The Provincial Ministry of Housing introduced a "special initiative" in 1986 under which 3,000 non-profit units funded by the Province were allocated in addition to the 6,700 units funded jointly by the federal and provincial governments. The units were to be targetted to the "neediest" with priority given to projects for homeless individuals, battered spouses, physically, developmentally and psychiatrically handicapped adults and low-income single persons, on a demonstration basis. Ottawa-Carleton organizations(Salvation Army and Centretown Citizens (Ottawa) Corporation) received allocations of 99 units (in addition to the 1986 allocation). Additional allocations will be made under this program in 1987.

The Province established a task force to address the need for improved regulations to protect roomers, boarders and lodgers and to increase the supply of affordable housing for low income singles. The task force was assisted by an advisory committee of tenants, landlords and municipal officials including the RMOC Housing Co-ordinator. The task force report, entitled "A Place to Call Home", was released in December 1986. Some of the major recommendations of the report include the following:

- Roomers and boarders should be given equal status with tenants of self-contained units and should be included under the Landlord and Tenant Act , with some exceptions. (Bill 10, which received royal assent in June, 1987, amended the Landlord andTenant Act to include roomers and boarders)
- Province-wide standards and inspection procedures should be established for rooming houses.
- An insurance fund should be established by the province to protect rooming house landlords from rental losses and damages to property (within limits).
- Initiatives should be developed and restrictions removed to make better use of the existing housing stock to house homeless individuals and low-income singles.
- Assisted housing allocations, with required support services tied in, should be given for projects for low-income singles under 60 years of age.

Many of the government initiatives announced in late 1985 in the Assured Housing for Ontario Program which were outlined in the 1985 Annual Housing Review produced results in 1986.

Convert-to-Rent – A total of thirty-four units [Ottawa (26), Richmond (4), Cumberland (3), and Vanier (1) ]received assistance under this program. Convert-to-rent is designed to encourage the production of moderately priced accommodation through the conversion of non-residential buildings to residences or the addition of self-contained units to existing homes.

Low-Rise Rehabilitation Program – This program offers landlords forgivable loans to help them upgrade older apartments in buildings of 5 storeys or less. The City of Ottawa has received funds for 600 units and the City of Vanier has received funds for 70 units under this program

Municipal Building Profile Program – Proposals by the City of Ottawa Housing Department and the RMOC Planning Department to develop jointly a computerized housing information system with funding from this program were approved in the spring of 1987.

The last of four granny flats allocated to the region under the Portable Living Units for Seniors (PLUS) demonstration program was installed in Gloucester in May 1986. A comprehensive evaluation of the program will be undertaken in 1987 with a decision on the future of the program expected by the Province in late 1987 or early 1988.

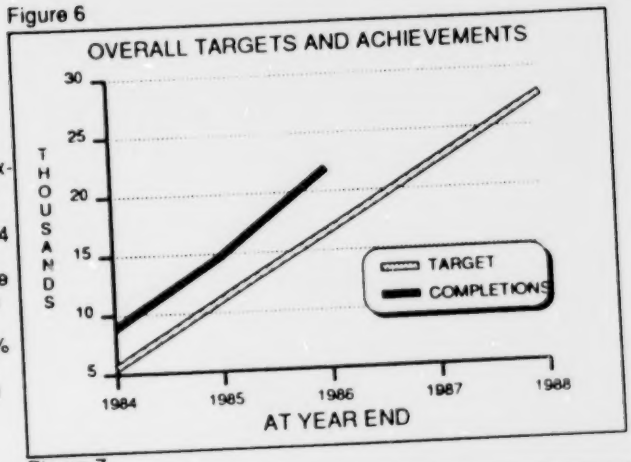
An accessible housing registry got underway in the Region in 1986. The program, which is designed to help disabled people find suitable accommodation and to provide a source of information on accessible housing is operated by the Regional Planning Department through the Match and Share office. An inventory of accessible units was begun with a detailed assessment of the accessibility of 42 non-profit housing projects and the information was summarized and distributed to selected organizations in the form of An Accessible Housing Handbook. The inventory will continue to be developed in 1987.

# THE HOUSING MARKETS

## Overall Production

Overall, housing production exceeded the target established in the RHSU (5,550 units) for the third consecutive year, with 7,244 completions. A total of 21,962 units have been completed in the three years since the target was establised , for an average of 7,321 units per year. Nearly 80% of the five year target had been met in the three years ending in 1986.

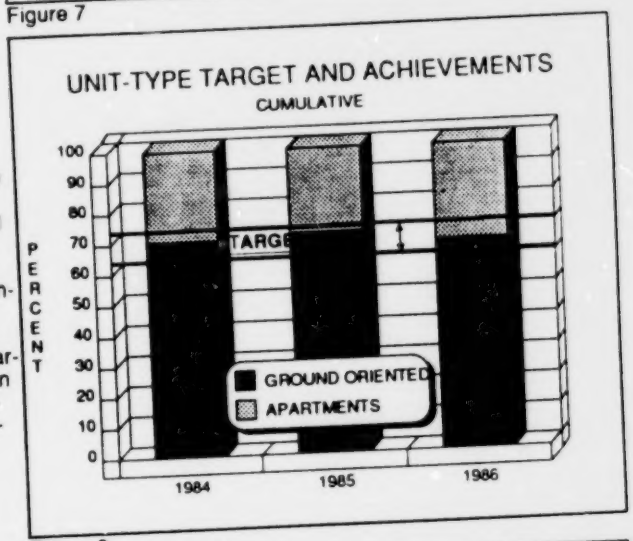
Figure 6




## Housing Orientation

To meet the needs of both family and non-family households, the RHSU recommended that 65% to 75% of new dwellings should be ground-oriented and 25% to 35% should be non-ground-oriented (apartments). The ratio in 1986 was 62% ground oriented to 38% non-ground oriented units. On average, over the three years since the establishment of the target, 69% of new units have been ground-oriented and 31% apartments; this is well within the target range.

Figure 7




## Starts

Starts were down about 6% in 1986 to 6,391 from the 1985 level of 6,779 units. Although a slight decline from 1985 this is still above the long term (10 year) average for the RMOC (i.e. 5,900 per year).

Almost all of the decline came from a decrease in row housing starts from 1,335 units in 1985 to 992 in 1986. Apartment starts decreased slightly in 1986 to 2,199 units from 2,262 in 1985.

Figure 8

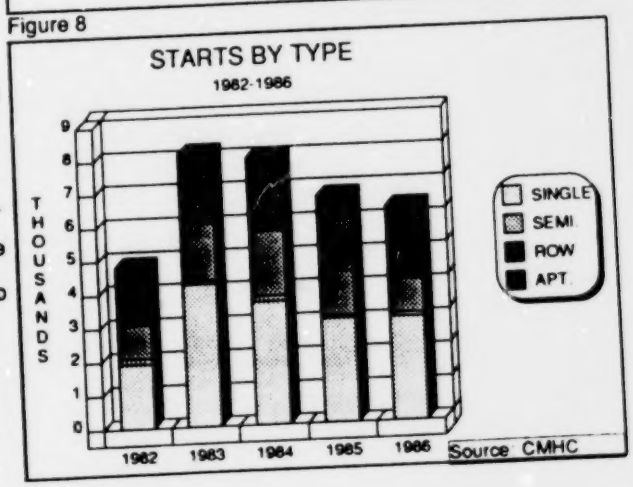


Table2

**STARTS**

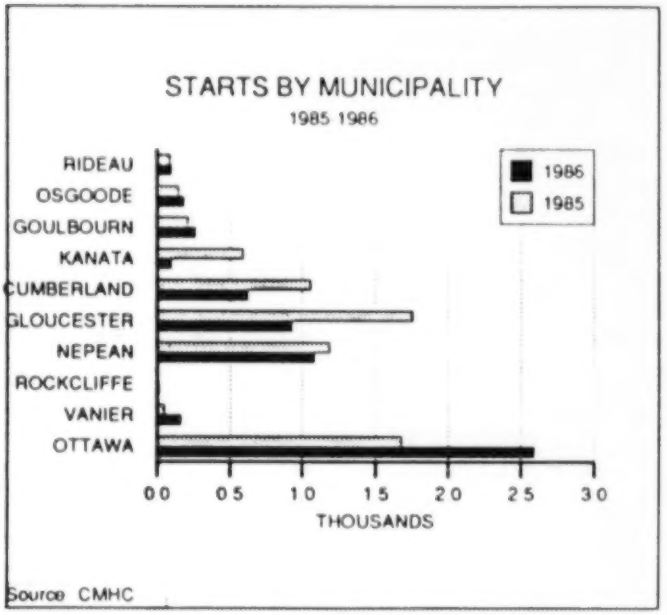
| | SINGLE | SEMI | ROW | APT. | TOTAL |
|---|---|---|---|---|---|
| 1982 | 1925 | 176 | 977 | 1760 | 4838 |
| 1983 | 4230 | 120 | 1721 | 2113 | 8184 |
| 1984 | 3656 | 184 | 1937 | 2222 | 7999 |
| 1985 | 3089 | 93 | 1335 | 2262 | 6779 |
| 1986 | 3090 | 110 | 992 | 2199 | 6399 |

Source: CMHC

Figure 9

Housing starts increased in the urban area (Ottawa, Vanier and Rockcliffe) and the rural area (Goulbourn, Osgoode and Rideau) and declined in the suburban areas. The urban area accounted for 43% of the starts in 1986 compared with 26% in 1985. The suburban share of starts fell from 68% to 48% and the rural share of starts increased from about 6% in 1985 to about 8% in 1986.

Among the municipalities, there was a concentration of apartment starts in theCity of Ottawa with 72% of the region's apratment starts in 1986 as compared with 4.2% in 1985.




Source CMHC

Table 3

**1986 STARTS**

| | SINGLE | SEMI | ROW | APT. | TOTAL |
|---|---|---|---|---|---|
| CUMBERLAND | 480 | 2 | 139 | 0 | 621 |
| GLOUCESTER | 721 | 30 | 61 | 118 | 930 |
| GOULBOURN | 218 | 4 | 0 | 39 | 261 |
| KANATA | 390 | 14 | 45 | 0 | 449 |
| NEPEAN | 520 | 0 | 244 | 320 | 1084 |
| OSGOODE | 184 | 0 | 0 | 1 | 185 |
| OTTAWA | 472 | 54 | 479 | 1583 | 2588 |
| RIDEAU | 97 | 0 | 0 | 0 | 97 |
| ROCKCLIFFE | 3 | 0 | 9 | 0 | 12 |
| VANIER | 5 | 6 | 15 | 138 | 164 |
| TOTAL | 3090 | 110 | 992 | 2199 | 6391 |

Source: CMHC

Table 4

## 1986 COMPLETIONS

| | SINGLE | SEMI | ROW | APT. | TOTAL |
|---|---|---|---|---|---|
| CUMBERLAND | 547 | 2 | 147 | 270 | 966 |
| GLOUCESTER | 1021 | 32 | 74 | 404 | 1531 |
| GOULBOURN | 231 | 4 | 0 | 0 | 235 |
| KANATA | 357 | 18 | 94 | 0 | 469 |
| NEPEAN | 479 | 0 | 277 | 366 | 1122 |
| OSGOODE | 173 | 0 | 0 | 1 | 174 |
| OTTAWA | 373 | 51 | 429 | 1722 | 2575 |
| RIDEAU | 133 | 0 | 0 | 0 | 133 |
| ROCKCLIFFE | 5 | 0 | 9 | 0 | 14 |
| VANIER | 4 | 4 | 15 | 2 | 25 |
| TOTAL | 3323 | 111 | 1045 | 2765 | 7244 |

Source: CMHC

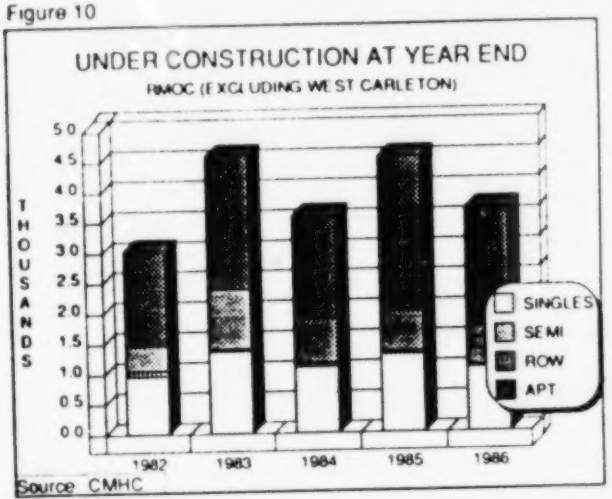
### Under Construction

There were 3,702 units under construction at the end of 1986, down from 4,569 units at the end of 1985. The largest decrease was in the number of apartments under construction at the end of 1986 at 1,977, down from 2,556 at the end of 1985.

### Land supply

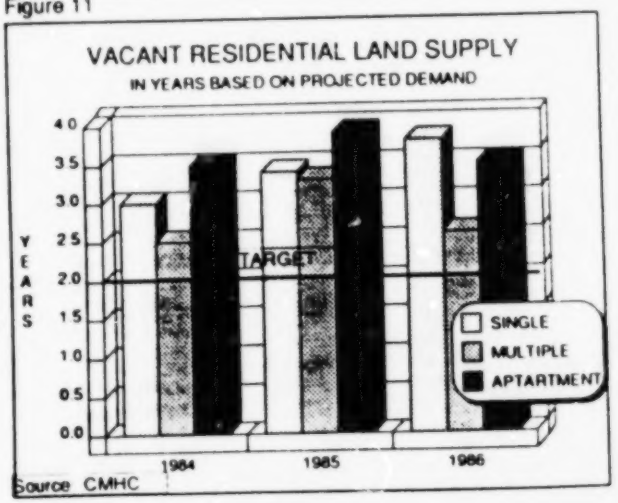
At the end of 1986 there was a 3.8 year supply of vacant registered and draft approved land for single detached housing, a 2.6 year supply for multiples and a 3.5 year supply for apartments, based on projected demand. This is an adequate overall supply. If future housing production were to occur at a faster rate, such as the rate and mix equal to the average production over 1985 and 1986, the current supply would be reduced to 2.2 years for singles, 3.3 years for multiples, and 3.5 years for apartments. At this faster construction rate the land supply for single detached units would be near the minimum required level (2 years), but there would still be an adequate supply for all housing types. In addition, there is a supply of land for which housing type has not been specified, and for which plans have been submitted but have not been draft approved.

Figure 10




Source CMHC

Figure 11

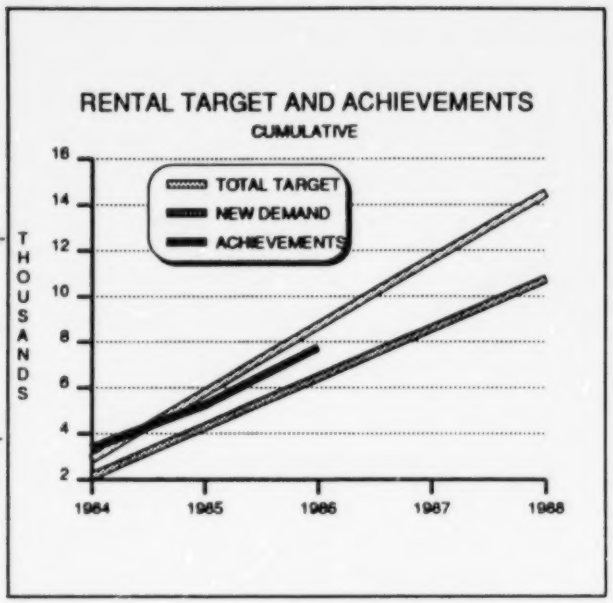



Source CMHC

## Rental Target

Figure 12

Rental completions were up by about 32% in 1986 to 2,500 units. About 70% of the rental completions were apartments( most of the remainder were row units). Rental apartment completions (1,757) were nearly double the number completed in 1985 (939), while the number of rental rows and other type rentals declined by 20% and 45% respectively.The rental target of 2.900 units per yearcomprises two parts: 2,150 units per year to meet new demand, and 750 units per year to increase the vacancy rate. The number of units completed over the past 3 years has been short of the total target but in excess of the projected requirement to meet new demand. The objective behind the target (i.e. to meet demand and increase the vacancy rate)has been achieved to some extent , as is evidenced by the increasing vacancy rate.




## Rental Starts

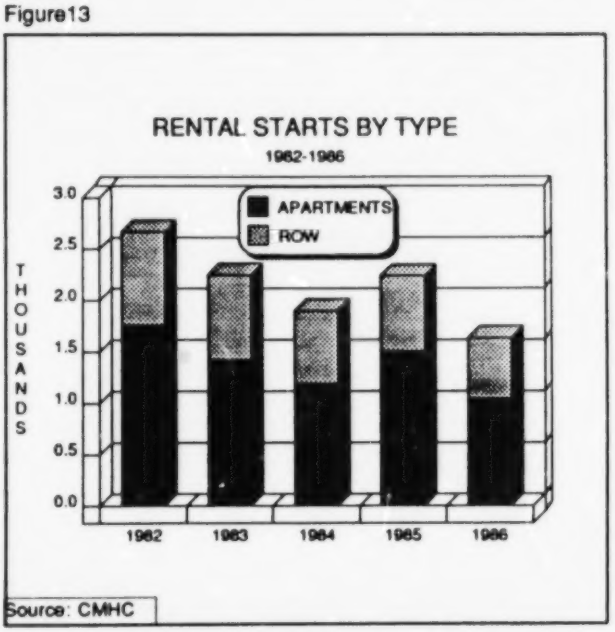
Figure13

Rental starts decreased by about 27% to 1,635 units in 1986 from 2,240 units in 1985. Rental units made up 25% of all starts in 1986, down from about 33% in 1985.

Over half (57%) of the rental units started in the Region in 1986 were in the City of Ottawa. Nepean accounted for most of the remainder (434 units). The proportion of starts intended for the rental market was highest in Nepean (40%) followed by Ottawa 36% (down from 54% in 1985). No other municipality had more than 15% of its starts as rentals in 1986.

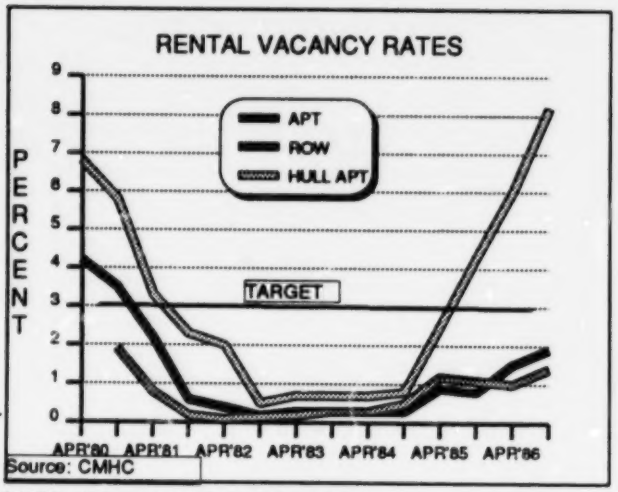
Apartments made up about 65% of the rental starts in 1986; roughly the same proportion as in the previous two years. The remainder were primarily row units.

Of the 1,635 rental starts, 509 (31%) were assisted rental units including municipal non-profit, private non-profit and non-profit co-operative units. The remainder of the rental starts were built by the private market. As in the past several years most (70%-80%) of the rental units built by private developers were condominium projects which were marketed with rental management packages as tax shelters to individual investors. Most of these units will be sold to owner-occupiers when the tax benefits to the investors end, probably within 5 to 10 years.



## Vacancy Rates

Figure 14



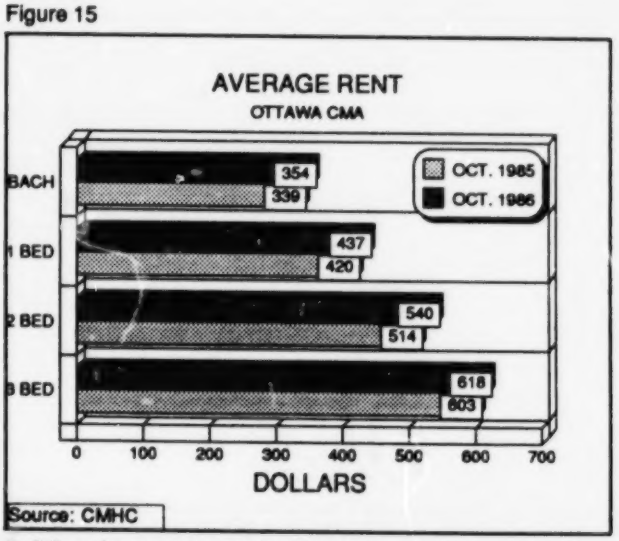

The apartment vacancy rate continued to increase in 1986 to 1.9% in October 1986 from 0.8% in October 1985 and 0.3% in October 1984 (where it had been for two years). Part of the increase in the vacancy rate can be attributed to an increase in apartment completions in 1985 and 1986, and part can be attributed to lower mortgage interest rates which have induced renters to purchase houses. Some renters may also have been prompted to move to the Outaouais, where the vacancy rate is higher (8.2%) and rents are lower.

The rowhouse vacancy rate increased slightly in October 1986. The townhouse vacancy rate has been relatively stable over the past two years at between 1% and 1.5% after several years below 0.5%.

Although an improvement over the near 0% vacancy rates of 1982-84, the current rate is below the 3% rate considered necessary to ensure ease of access and competitive rents. Given the large number of rental units completed in 1986 and the apparent easing of population growth in the Region, the vacancy rate should continue to increase, at least over the short term. There was a considerable decrease, however, in the number of rental units under construction at the end of 1986, compared with the end of 1985, which may tend to stabilize the vacancy rate towards the end of 1987.

## Rent

Figure 15



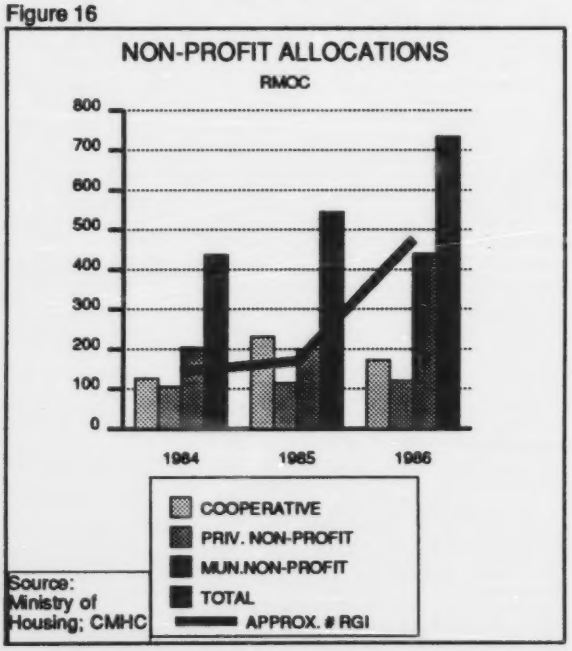

Apartment rents in the Region increased by about 3% on average over 1985, ranging from 2.4% for bachelor units to 4.1% for three bedroom units. In October 1986 rents ranged from $354 per month for a bachelor unit to $618 per month for a 3 bedroom unit. These figures are the average for both occupied and vacant units. Most of the vacancies were in the higher rent buildings. It is estimated (by CMHC) that over 80% of the vacant two bedroom units had rents above the $540 average for 2 bedroom units. Similarly, about 70% of vacant one bedroom units were above the $437 average.

Rents in buildings built before 1976 were about 20% less expensive on average than rent in newer buildings, but rents in older buildings increased more in 1986 than rents in newer buildings. The higher vacancy rate in newer buildings (about 6%) compared with pre-1976 buildings (0.9%) probably helped in moderating rent increases in the newer buildings.

## Assisted Housing

Assisted housing production improved in 1986. A new federal/provincial non-profit agreement began under which Ontario took on a larger role in the delivery of non profit housing. The province now delivers private non-profit, non-profit co-operative, and municipal non-profit units, while the federal government (CMHC) delivers co-operative units under a new program which provides funding by way of index-linked mortgages (ILM). A total of 734 units including beds, rooms and self contained units were allocated in the Region in 1986. The comparable figure for 1985 was 546 units. Under the new federal/provincial agreement a greater proportion of the units in each project may be rented on a geared-to-income basis (RGI) than previously, and the eligibility for RGI subsidies has been expanded to include both moderate income families and non-family persons (on a demonstration basis). In projects built under the old agreement, usually 25%,but in some cases 40% of the units are RGI . These units are usually rented to the poorest households who pay 25% of their income for the unit. The remaining 60% to 75% of the units in these projects rent at market rates. The 543 non-profit units that were completed in 1986 were funded under the old agreement and will result in about 175-200 RGI units.

Figure 16




Source: Ministry of Housing; CMHC

Under the new program, at least 40% of the units in most projects must be RGI (non-profit co-ops must have at least 25% RGI), and must be rented to the poorest households (deep subsidy). The remaining 60% of the units in each project may also be RGI with deep subsidies or they may be rented to households with slightly higher incomes on an RGI basis (moderate and shallow subsidies) or they may be rented at market rent, or any combination of these. Under the new agreement all families, seniors and the disabled qualify for an RGI subsidy if market rents in a project exceed 25% of their income. Of the 734 units allocated in 1986, 60 were allocated under the federal ILM Co-op program (Sequoia Co-op) and 674 were allocated under the provincial programs. Of the 674 units allocated under the provincial programs 520 were family units, 89 were senior units and 65 were special units (20 beds for an alcohol recovery home, 15 beds for a singles residence and 30 rooms and apartments for second stage housing for battered women). This will result in about 290 self-contained RGI units for the poorest households (deep subsidy) plus about 220 RGI units for moderate income households and 45 RGI units for special needs groups. The City Living projects allocated in 1986 (343 units) will be completely RGI; 40% will get deep subsidy, 30% will get moderate subsidies, and 30% will receive shallow subsidies. This brings the RGI total for 1986 to about 500 units. Most of these units were started in 1986 and will be completed in 1987.

In addition, City Living purchased and renovated an existing 45 unit apartment building in 1986 using the City's equity; bringing the total added (or committed) to the non-profit housing stock in 1986 to 779 units .

With the 1986 allocation, two new municipal non-profit corporations were able to develop their first projects. Nepean established the first municipal non-profit family units outside the City of Ottawa with a 46 unit project at Knoxdale and Greenbank, and West Carleton built a 25 unit seniors project in Carp.

With the increase in the number of units allocated combined with the program changes, the number of RGI units that were allocated in 1986 and which will be coming on stream in 1987 (450-500 units) is much greater than has been achieved annually over the previous ten years and is much in excess of the RGI component of the assisted housing target established in the RHSU (200-225 units).

The prospect for 1987 also looks good. The initial allocation for the Region is for a total of about 750 units (including special allocations) which will result in another 450-550 RGI units of all kinds. The 1987 allocation also continues the dispersion of units throughout the Region with the establishment of a municipal non-profit corporation in Gloucester and the allocation of family units to Osgoode Municipal Non-Profit (the first family units in a rural part of the Region). The 1987 allocation also includes a large project for homeless singles (90 units) which is being developed by the Salvation Army with City Living.

Table 5

## 1986 PROVINCIAL AND FEDERAL NON-PROFIT ALLOCATIONS

### A. MUNICIPAL NON-PROFIT

| Name / Location | Family Units | Senior Units | Special Units | Accessible Units(total) |
|---|---|---|---|---|
| City Living- Fairlea | 104 | | | 4 |
| City Living- Karsh Dr. | 80 | | | 4 |
| City Living- Blohm Cr. | 78 | | | 4 |
| City Living- Lebreton | | | 30 | |
| CITY LIVING TOTAL | 343 | 0 | 30 | |
| West Carleton Non- Profit | | 25 | | 1 |
| Nepean Non-Profit | 42 | | | 2 |
| MNP TOTAL | 385 | 25 | 30 | 21 |

### B. PRIVATE NON-PROFIT

| | | | | |
|---|---|---|---|---|
| Community Works | 22 | | | |
| St. Vladimir's | | 64 | | 3 |
| Sobriety House | | | 20 beds | |
| Centretown Citizens | | | 15 | |
| PNP TOTAL | 22 | 64 | 35 | 3 |

### C. CO-OPERATIVES

| | | | | |
|---|---|---|---|---|
| Yule Manor | 96 | | | 6 |
| Dalhousie | 17 | | | |
| Sequoia (ILM Co-op) | 60 | | | 3 |
| CO-OP TOTAL | 173 | 0 | 0 | 9 |
| TOTAL ALLOCATION | 580 | 89 | 65 | 33 |

NOTES:

*Total Allocation=734 units* *Deep Subsidy=290 units*

*RGI Total =508 units* *Moderate Subsidy=110 units*

*Accessible Total=33 units* *Shallow Subsidy=109 units*

*Market Rent=226 units*

City Living also purchased and renovated a 45 unit apartment building using City equity. ILM stands for Index Linked Mortgage

Thirty-three units were added to the rent supplement portfolio administered by the Ottawa-Carleton Regional Housing Authority (OCRHA) in 1986. These are privately owned units that are committed to OCRHA for a specified period of time to be rented on a geared-to-income basis with the province paying the difference between the market rent and the geared-to-income rent.

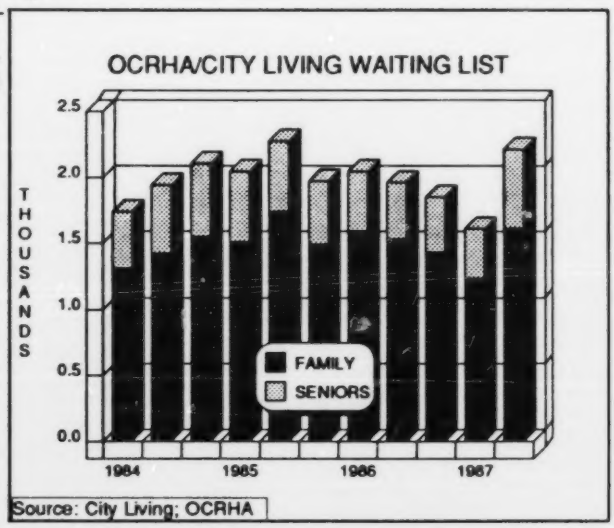
## Waiting Lists

The joint OCRHA/City Living waiting list for rent-geared-to-income housing showed considerable improvement during 1986, declining throughout the year from about 2,000 to about 1,600 at the end of 1986. The number of families on the list dropped by 350 to 1,250. The number of seniors declined by 80 to 370. However, in the first four months of 1987 nearly 400 families and 230 seniors were added to the list bringing the total on the list to over 2,200 in May 1987. The reason for this rapid increase in the waiting list has not been determined.

About 70% of the applicants on the joint OCRHA/City Living waiting list were from the City of Ottawa. Vanier accounted for about 11% of the applicants followed by Gloucester (7%) and Nepean (5%).

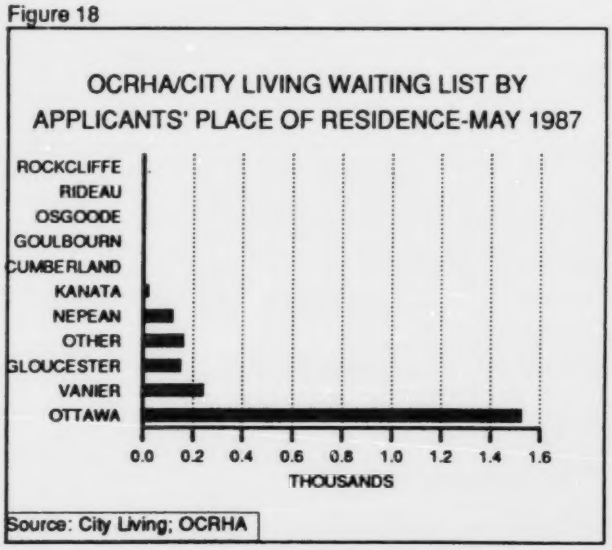
City Living maintain their own waiting list, separate from the joint OCRHA/City Living list, for their market rent and other (e.g. limited dividend) units. This list is for households who are not eligible to be on the joint waiting list. The number of families on City Living's waiting list declined from 900 at the end of 1985 to 691 at the end of 1986. However, this waiting list also increased markedly in early 1987 to 973 families in February.

Figure 17



Source: City Living; OCRHA

Figure 18



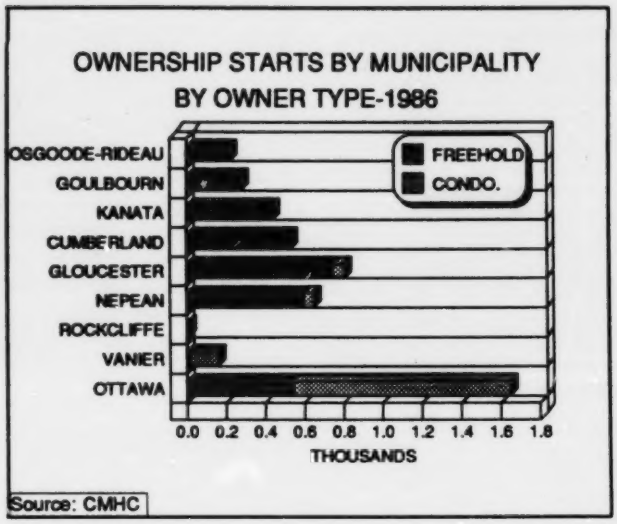
Source: City Living; OCRHA

## Ownership Housing

Freehold starts increased by 3.5% (117 units) in 1986 to 3,391 units, about 90% of which were single detached dwellings. Freehold starts made up 53% of all starts in 1986, up slightly from 48% in 1985.

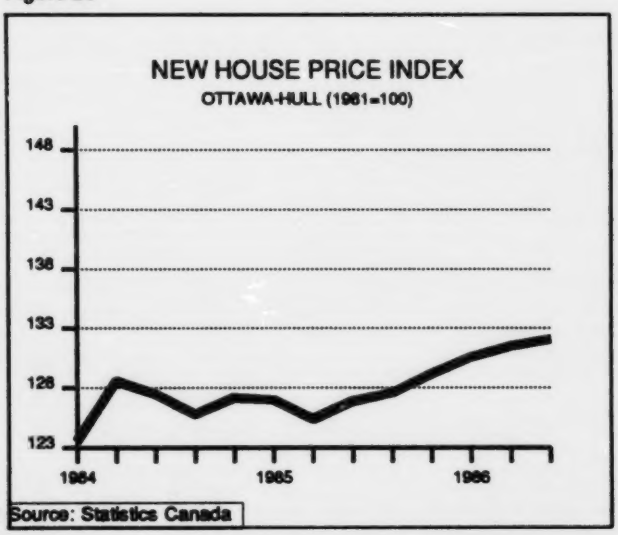
Condominium starts were up by about 8% (99 units) in 1986 to 1,365 units. The City of Ottawa accounted for 80% of the Region's condominium starts in 1986 (up from 40% in 1985) where condo starts more than doubled to 1,101. About 90% of Ottawa's condos were apartments.

Figure 19




## New House Prices

Figure 20

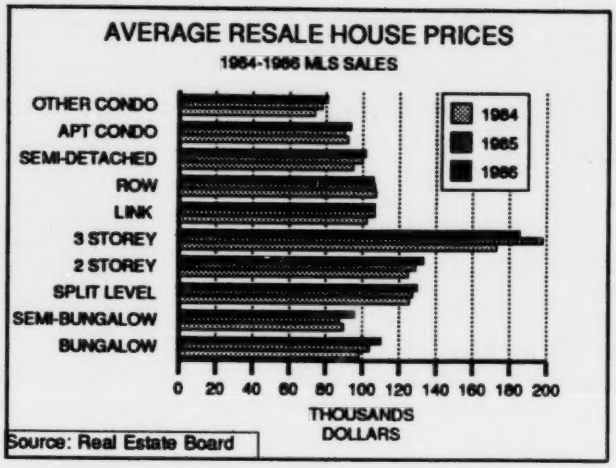



The new house price index average in 1986 for Ottawa-Hull increased by about 2.8% over the 1985 average after a slight decline in the previous year. The new house price index is a separate index from the consumer price index (which has a housing component). This index tracks changes in the price of new houses. The new house price index makes adjustments for changes in size and quality of dwellings to provide a more accurate estimate of price changes. The index is composed of a land component and a house component. The index rose steadily throughout 1986, increasing by about 4% from the beginning to the end of the year. The land component increased by about 5.2% while the house component increased by about 2.3%. The composite index rose 8.5% nationally in 1986; the land component increased nationally by about 5.7%, the house component rose by 10.1% nationally. The new house price index for Ottawa-Hull has increased less rapidly than the general rate of inflation over the last two years. In relation to the 4.0% inflation rate in 1986, new house prices in real terms declined by about 1.2%. The average price of newly completed singles and semis in October 1986 was $153,965 .

## Resale House Prices

Figure 21

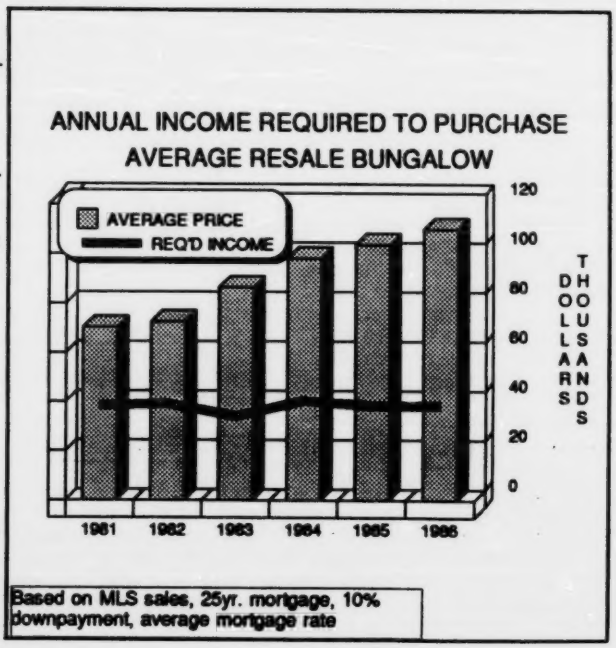
Resale house prices (MLS sales) increased by 4.1% on average in 1986, slightly over the rate of inflation for this area. The average sale price was $112,675 in 1986. Bungalows and semi-bungalows increased the most with 6.1% and 9.2% increases respectively. Attached houses (semis, row, etc.) declined in price by 1.1% on average in 1986. The number of residential sales through the multiple listing service increased by 2.9% to 7,624 in 1986. The total dollar values of residential sales increased by 7.6% to $859 million in 1986.




## Affordability

Figure 22

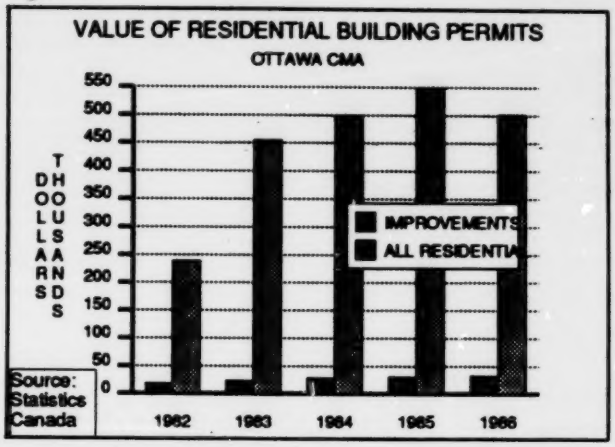
With the drop in interest rates and fairly stable house prices home ownership became relatively less expensive in 1986. For example, the annual income required to purchase the average MLS sales bungalow in 1986 was about $38,500, virtually identical to the income required to make the same purchase in 1985. When inflation is taken into consideration the "real" cost was about 4% less in 1986. For other types of houses, such as row or semi-detached, the purchasing cost would have actually declined because these house types did not increase in price as much as bungalows. Declining mortgage interest rates since 1982 combined with modest resale price increases have combined to make the cost of purchasing a housing in Ottawa-Carleton stable over the past few years. When inflation is taken into consideration, the cost of buying a house has declined significantly in real terms (e.g. about - 4% in 1986, -9.0% in 1985).



### Home Improvements

The value of residential building permits issued in Ottawa CMA declined by about 8.5% in 1986 to $500 million. But the amount spent on home improvements (i.e. additions, structural changes) increased by about 4.5% to $32 million. Improvements accounted for 6.4% of the value of residential building permits in 1986, up from 5.6% in 1985.

Figure 23




## The Outaouais

Starts in the Outaouais declined by 22% in 1986 to 2,262 from 3,361 in 1985. This is still well above historical levels for the area (i.e. the average since 1977 has been 1,500 units per year).

Most of the decrease was in the multiples sector. Apartments and row unit starts both decreased by 300 units in 1986. Single detached starts (1,047) remained at essentially the same level they were in 1985 (1,079) and 1984 (973). The decline in multiple starts is probably reflecting the current oversupply of rental units in the area. Hull currently has the second highest apartment vacancy rate in Canada at 8.2%.

Figure 24

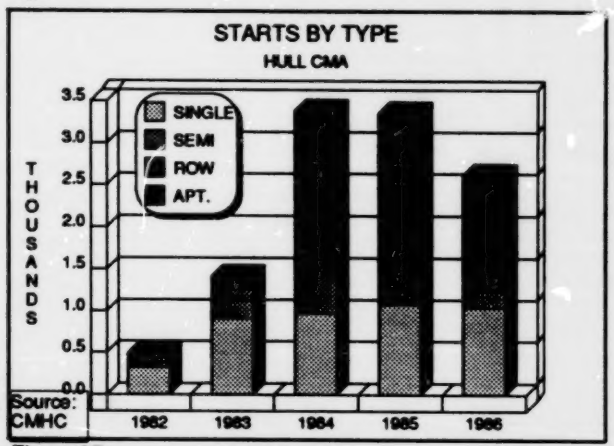
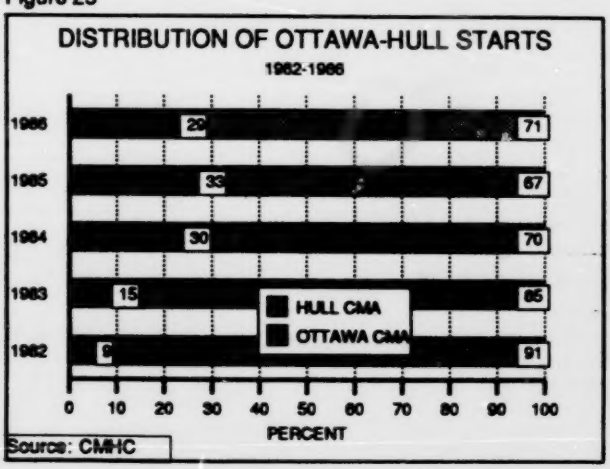



Figure 25




### Market Share

The Outaouais accounted for about 29% of the combined starts in the Ottawa-Hull area in 1986. This is down slightly from 1985 when the Quebec share reached 33%, but is well above the long term average share of 10%-15% of the market.

## Migration

In 1985, for the first time in the 80's there was a net loss of people from Ottawa-Carleton to the Outaouais. This occurred again in 1986, although the preliminary figures indicate that the net outflow from the RMOC was not as great as in 1986.

Figure 26

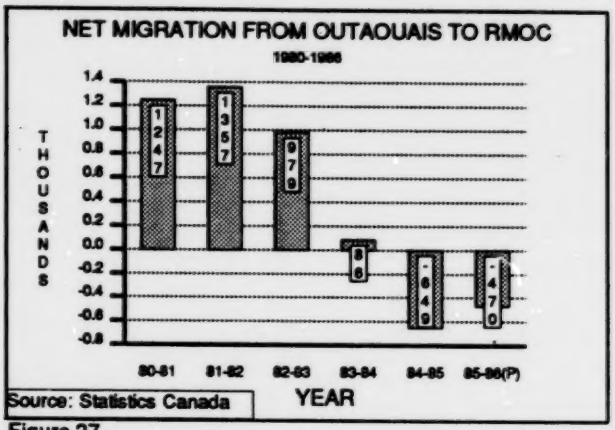



Figure 27

## New House Prices

A supply of modestly priced accommodation seems to be continuing to attract people to the Outaouais. While the selling prices for comparable existing houses are only slightly less expensive in the Outaouais than the RMOC, builders are continuing to provide new, moderately-priced houses in the Outaouais. The average price of new singles and semis was less than half of the average in the RMOC in 1986.

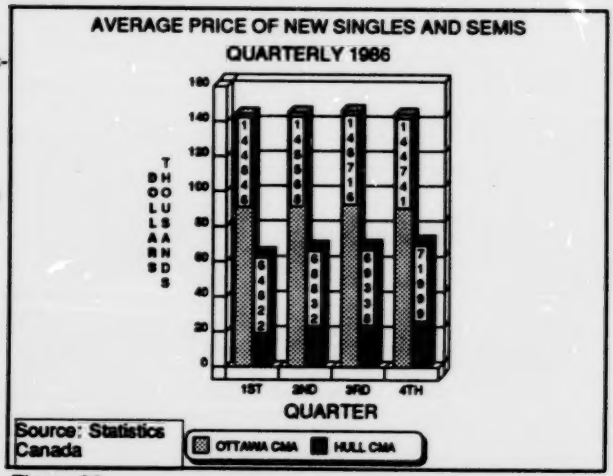
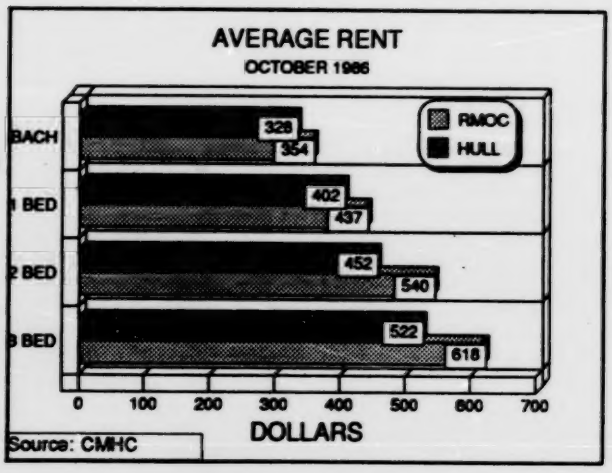



Figure 28

## Rents

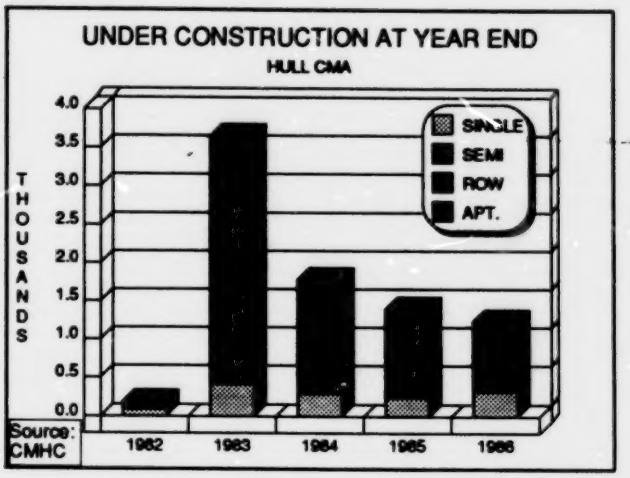
The favourable rental market in the Outaouais may also be contributing to the change in the flow of migration. The Hull CMA had the second highest vacancy rate in Canada in October 1986 (8.2%). Rents in the Outaouais were, on average, 8%-15% lower than in the RMOC, depending on the size of unit. The larger units were relatively less expensive in the Outaouais.



## Under Construction

There were 1,240 units under construction in the Outaouais at the end of 1986, down slightly from the end of 1985. Most of the decline was in the number of apartments under construction, reflecting the glut of rental units in the area. There were more singles under construction at the end of 1986 than in the previous two years.

Figure 29



# Appendix

## TABLE 1

**LABOUR FORCE SURVEY**

**OTTAWA CMA AVERAGES**

| | Population 15 years + (000) | Labour Force (000) | Employ. (000) | Unempl. (000) | Not in Labour Force (000) | Particip ation Rate | Unemploy Rate Ottawa | Unemploy Rate Canada |
|---|---|---|---|---|---|---|---|---|
| 1981 | 403 | 294 | 276 | 18 | 110 | 72.8% | 6.0% | 7.5% |
| 1982 | 409 | 288 | 266 | 22 | 121 | 70.4% | 7.5% | 11.0% |
| 1983 | 416 | 295 | 271 | 24 | 121 | 70.9% | 8.2% | 11.9% |
| 1984 | 451 | 319 | 294 | 25 | 132 | 70.7% | 7.9% | 11.3% |
| 1985 | 460 | 326 | 299 | 27 | 135 | 70.7% | 8.1% | 10.5% |
| 1986 | 470 | 338 | 312 | 26 | 132 | 71.9% | 7.6% | 9.6% |

Source: Statistics Canada

## TABLE 2

**MIGRATION BETWEEN RMOC AND OUTAOUAIS**

| | 80 –81 | 81–82 | 82–83 | 83–84 | 84–85 | 85–86(P) |
|---|---|---|---|---|---|---|
| Hull to RMOC | 1853 | 2070 | 2001 | 1906 | 1523 | 1643 |
| RMOC to Hull | 1029 | 1041 | 1256 | 1744 | 1963 | 1878 |
| Net Migration | 824 | 1029 | 745 | 162 | -440 | -235 |
| Gatineau to RMOC | 1092 | 1145 | 1080 | 1008 | 850 | 810 |
| RMOC to Gatineau | 669 | 817 | 846 | 1084 | 1059 | 1045 |
| Net Migration | 423 | 328 | 234 | -76 | -209 | -235 |
| **NET MIGRATION** | **1247** | **1357** | **979** | **86** | **-649** | **-470** |

Data are derived from tax returns. Time periods represent approximately May to May. 1985–86 data are preliminary and may be revised.

Source: Statistics Canada.

## TABLE 3

**COMPLETIONS**

RMOC (EXCLUDING WEST CARLETON)

| | Single | Semi | Row | Apt. | TOTAL |
|---|---|---|---|---|---|
| 1982 | 1268 | 239 | 1403 | 792 | 3702 |
| 1983 | 3837 | 159 | 1166 | 1474 | 6636 |
| 1984 | 3908 | 180 | 2213 | 2637 | 8938 |
| 1985 | 2892 | 90 | 1351 | 1447 | 5780 |
| 1986 | 3323 | 111 | 1045 | 2756 | 7244 |

Source: CMHC

## TABLE 4

**UNDER CONSTRUCTION AT YEAR END**

RMOC (EXCLUDING WEST CARLETON)

| | Single | Semi | Row | Apt. | TOTAL |
|---|---|---|---|---|---|
| 1982 | 973 | 87 | 418 | 1564 | 3042 |
| 1983 | 1364 | 48 | 979 | 2206 | 4597 |
| 1984 | 1105 | 50 | 734 | 1707 | 3596 |
| 1985 | 1303 | 37 | 673 | 2556 | 4569 |
| 1986 | 1071 | 34 | 620 | 1977 | 3702 |

Source: CMHC

## TABLE 5

**STARTS**

HULL CMA

| | Single | Semi | Row | Apt. | TOTAL |
|---|---|---|---|---|---|
| 1982 | 325 | 58 | 69 | 45 | 497 |
| 1983 | 907 | 214 | 140 | 152 | 1413 |
| 1984 | 973 | 414 | 259 | 1745 | 3391 |
| 1985 | 1079 | 298 | 353 | 1631 | 3361 |
| 1986 | 1047 | 196 | 52 | 1327 | 2622 |

Source: CMHC

## TABLE 6

**UNDER CONSTRUCTION AT YEAR END**

HULL CMA

| | Single | Semi | Row | Apt. | TOTAL |
|---|---|---|---|---|---|
| 1982 | 89 | 38 | 24 | 36 | 187 |
| 1983 | 416 | 48 | 979 | 2210 | 3653 |
| 1984 | 294 | 134 | 103 | 1251 | 1782 |
| 1985 | 240 | 92 | 98 | 976 | 1406 |
| 1986 | 326 | 52 | 34 | 828 | 1240 |

Source: CMHC

## TABLE 7

**STARTS BY TENURE**
RMOC(EXCLUDING WEST CARLETON)

| | Freehold | | | | Condominium | | | | Rental | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Single | Semi | Row | Total | Semi | Row | Apt | Total | Other | Row | Apt. | Total | TOTAL |
| 1984 | 3861 | 150 | 283 | 4294 | 0 | 1024 | 995 | 2019 | 142 | 560 | 1199 | 1901 | 8214 |
| 1985 | 3025 | 83 | 166 | 3274 | 6 | 509 | 751 | 1266 | 68 | 660 | 1511 | 2239 | 6779 |
| 1986 | 3090 | 100 | 201 | 3391 | 0 | 215 | 1150 | 1365 | 10 | 576 | 1049 | 1635 | 6391 |
| **COMPLETIONS** | | | | | | | | | | | | | |
| 1984 | 4088 | 146 | 277 | 4511 | 0 | 707 | 518 | 1225 | 316 | 1025 | 2055 | 3396 | 9132 |
| 1985 | 2808 | 68 | 139 | 3015 | 6 | 372 | 508 | 886 | 100 | 840 | 939 | 1879 | 5780 |
| 1986 | 3282 | 95 | 165 | 3542 | 0 | 204 | 1008 | 1212 | 55 | 678 | 1757 | 2490 | 7244 |
| **UNDER CONSTRUCTION AT YEAR END** | | | | | | | | | | | | | |
| 1984 | 1160 | 42 | 75 | 1277 | 0 | 382 | 688 | 1070 | 0 | 278 | 1019 | 1297 | 3644 |
| 1985 | 1295 | 31 | 82 | 1408 | 4 | 190 | 824 | 1018 | 10 | 401 | 1732 | 2143 | 4569 |
| 1986 | 1068 | 32 | 132 | 1232 | 0 | 117 | 821 | 938 | 5 | 371 | 1156 | 1532 | 3702 |

Source: CMHC

## TABLE 8

**APARTMENT VACANCY RATES**
Privately Initiated Structures with Six Units and Over
Ontario Portion, Ottawa CMA

| 1980 | | 1981 | | 1982 | | 1983 | | 1984 | | 1985 | | 1986 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Apr | Oct | Apr | Oct | Apr | Oct | Apr | Oct | Apr | Oct | Apr | Oct | Apr | Oct |
| 4.2% | 3.5% | 2.2% | 0.6% | 0.4% | 0.2% | 0.3% | 0.3% | 0.3% | 0.3% | 0.9% | 0.8% | 1.5% | 1.9% |

**RENTAL ROWHOUSE VACANCY RATES**
Ontario Portion, Ottawa CMA

| 1980 | | 1981 | | 1982 | | 1983 | | 1984 | | 1985 | | 1986 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Apr | Oct | Apr | Oct | Apr | Oct | Apr | Oct | Apr | Oct | Apr | Oct | Apr | Oct |
| -- | 1.9% | 0.8% | 0.2% | 0.1% | -- | 0.2% | 0.3% | 0.3% | 0.5% | 1.2% | 1.1% | 1.0% | 1.4% |

Source: CMHC

## TABLE 9

**AVERAGE RENT**

APARTMENT STRUCTURES OF SIX UNITS AND OVER
October 1986

| | Bachelor | | One Bedroom | | Two Bed | | Three Bed | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| ZONES | Units | Rent | Units | Rent | Units | Rent | Units | Rent | Units | Rent |
| Ottawa 1 | 1342 | $343 | 4132 | $445 | 1561 | $629 | 113 | $589 | $469 | 1.8% |
| Ottawa 2 | 600 | $348 | 1781 | $434 | 988 | $588 | 159 | $898 | $483 | 1.6% |
| Ottawa 3 | 538 | $339 | 2795 | $429 | 1165 | $570 | 152 | $658 | $461 | 3.4% |
| Ottawa 4 | 721 | $403 | 5212 | $439 | 4745 | $543 | 480 | $595 | $408 | 1.6% |
| Ottawa 5 | 839 | $339 | 5046 | $438 | 4292 | $523 | 337 | $625 | $471 | 1.4% |
| Vanier 6 | 74 | $273 | 1008 | $397 | 1002 | $482 | 72 | $653 | $441 | 1.6% |
| East 7 | 103 | $409 | 754 | $481 | 1350 | $552 | 231 | $609 | $529 | 7.0% |
| East 8 | 118 | $387 | 1659 | $428 | 2631 | $490 | 340 | $503 | $467 | 0.3% |
| Ottawa Total | 4335 | $354 | 22387 | $437 | 17734 | $539 | 1884 | $618 | $476 | 1.9% |
| Hull | 464 | $328 | 2664 | $402 | 5689 | $452 | 597 | $522 | $436 | 8.2% |
| Ottawa-Hull Total | 4799 | $351 | 25051 | $433 | 23423 | $518 | 2481 | $595 | $469 | 3.0% |

Source: CMHC

## TABLE 10

**OTTAWA CARLETON REGIONAL HOUSING AUTHORITY / CITY LIVING**
**WAITING LIST FOR RENT-GEARED-TO-INCOME HOUSING**

| | | Family | Senior | Total |
|---|---|---|---|---|
| | Jan | 1314 | 426 | 1740 |
| 1984 | May | 1428 | 516 | 1944 |
| | Oct | 1555 | 553 | 2108 |
| | Jan | 1517 | 533 | 2050 |
| 1985 | May | 1744 | 536 | 2280 |
| | Oct | 1495 | 480 | 1975 |
| | Jan | 1598 | 451 | 2049 |
| 1986 | May | 1534 | 430 | 1964 |
| | Oct | 1436 | 418 | 1854 |
| | Jan | 1242 | 371 | 1613 |
| 1987 | May | 1628 | 600 | 2228 |

Source: O.C.R.H.A.

## TABLE 11

### MLS SALES

| | 1985 Average | 1986 Average | Change 85–86 |
|---|---|---|---|
| Bungalow | $103,727 | $110,029 | 6.1% |
| Split Level | $127,349 | $129,646 | 1.8% |
| Two Storey | $128,934 | $133,261 | 3.4% |
| Three Storey | $198,036 | $185,334 | -6.4% |
| Row | $106,461 | $106,091 | -0.3% |
| Semi-Detached | $99,623 | $101,652 | 2.0% |
| Condo Apt. | $89,966 | $93,417 | 3.8% |
| Condo Twnhse | $87,248 | $92,471 | 6.0% |
| Condo Garden | $73,359 | $75,827 | 3.4% |
| **Average** | **$108,191** | **$112,675** | **4.1%** |

Source: Real Estate Board of Ottawa-Carleton

## TABLE 12

### NEW HOUSE PRICES

**Asking Prices of Newly Completed Singles and Semis**
**October 1986**

| | QUINTILES | | | | | |
|---|---|---|---|---|---|---|
| | 1st 20% | 2nd 40% | 3rd 60% | 4th 80% | Median | Average |
| Ottawa CMA | $122,460 | $143,918 | $150,232 | $175,000 | $147,150 | $153,965 |
| Hull CMA | $50,000 | $62,600 | $70,000 | $80,000 | $70,000 | $70,583 |

**Percentage Change 1985 - 1986**

| | 1st | 2nd | 3rd | 4th | Median | Average |
|---|---|---|---|---|---|---|
| Ottawa CMA | 2.1% | 11.5% | 7.4% | 7.6% | 9.9% | 3.7% |
| Hull CMA | 0.0% | -3.7% | 0.0% | -4.8% | 5.3% | 3.5% |

Source: CMHC

## TABLE 13

### HOUSE PURCHASE COST TRENDS

| | House Price | Change In Price | Mortgage Rate | Monthly Cost(P&I) | Required Income | Change In Req'd. Inc. | Inflation Rate | Real Change In Req'd. Inc. |
|---|---|---|---|---|---|---|---|---|
| 1981 | $70,298 | | 18.2% | $968 | $38,706 | | | |
| 1982 | $72,486 | 3.1% | 17.9% | $982 | $39,284 | 1.5% | 9.9% | -8.4% |
| 1983 | $86,388 | 19.2% | 12.7% | $857 | $34,293 | -12.7% | 6.7% | -19.4% |
| 1984 | $98,121 | 13.6% | 13.2% | $1,012 | $40,479 | 18.0% | 5.0% | 13.0% |
| 1985 | $103,726 | 5.7% | 11.7% | $963 | $38,504 | -4.9% | 4.1% | -9.0% |
| 1986 | $110,029 | 6.1% | 10.9% | $963 | $38,537 | 0.1% | 4.0% | -3.9% |
| Average | | 9.5% | 14.1% | | | 0.4% | 5.9% | -5.5% |

Note: Monthly payments and income required are estimates based on a 25 year amortization and 10% downpayment. House price is the average MLS sales price for bungalows.

## TABLE 14

### VALUE OF BUILDING PERMITS

Ottawa CMA

| | Improvements | Total Value | Percent of Total on Improvements |
|---|---|---|---|
| 1982 | $17,800 | $239,005 | 7.4% |
| 1983 | $22,797 | $454,660 | 5.0% |
| 1984 | $28,963 | $498,138 | 5.8% |
| 1985 | $30,595 | $546,595 | 5.6% |
| 1986 | $32,009 | $500,472 | 6.4% |

Note: Improvements include additions, structural changes, etc. , but not swimming pools and garages.

Source: Statistics Canada